

## Department of Planning and Budget 2001 Fiscal Impact Statement

1. **Bill Number** HB1747

**House of Origin**     Introduced     Substitute     Engrossed

**Second House**     In Committee     Substitute     Enrolled

2. **Patron**        Callahan

3. **Committee**    Senate Finance

4. **Title**            Higher Education and Related Educational Facilities Bond Act of 2001.

5. **Summary/Purpose:**

The substitute bill provides, subject to approval of the voters, for the issuance of up to \$803,703,975 in general obligation bonds pursuant to Article X, Section 9(b) of the Constitution of Virginia to finance various capital projects, at higher educational institutions and related educational facilities (museums) throughout the Commonwealth. The debt to be issued would impact the Commonwealth's debt capacity in future years.

The bonds would be issued subject to approval by a majority of the qualified voters of the Commonwealth voting in a general election on November 6, 2001. The full faith and credit of the Commonwealth is pledged for the payment of the principal of and interest on the bonds and any bond anticipation notes or refunding bonds. The bill will not become effective, and no bonds will be issued until voter approval is obtained.

6. **Fiscal Impact Estimates are:** Preliminary

6a. **Expenditure Impact:**

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2000-01			
2001-02			
2002-03	\$9,304,210		GF

7. **Budget amendment necessary:** No.

8. **Fiscal implications:** The expenditure impact has been estimated by the Department of the Treasury assuming four tax-exempt bond issues in FY 2002, 2003, 2004, 2005, and 2006. Using this assumption, the bonds can be structured with little or no expenditure impact in the current biennium (2000-2002). Assuming five issues, the required debt service would begin in FY2003 at \$9.3 million, peak at \$82.6 million in FY2007 and slowly decline thereafter. Issuance of the bonds will impact the Commonwealth's debt capacity in subsequent years.

At this time, it is not known whether affected state agencies and institutions of higher education would require additional funding to support construction and oversight responsibilities for the capital project(s), or whether the costs could be absorbed within existing resources.

9. **Specific agency or political subdivisions affected:**

- ?? Department of the Treasury
- ?? Treasury Board (issuance and payment of debt service)
- ?? Department of General Services
- ?? Christopher Newport University
- ?? College of William & Mary
- ?? George Mason University
- ?? James Madison University
- ?? Longwood College
- ?? Mary Washington College
- ?? Norfolk State University
- ?? Old Dominion University
- ?? Radford University
- ?? Richard Bland College
- ?? University of Virginia
- ?? University of Virginia at Wise
- ?? Virginia Commonwealth University
- ?? Virginia Polytechnic Institute and State University
- ?? Virginia Military Institute
- ?? Virginia State University
- ?? Virginia Institute of Marine Science
- ?? Virginia Community College System (Blue Ridge, Central Virginia, Danville, Dabney S. Lancaster, Eastern Shore, Germanna, J. Sargeant Reynolds, John Tyler, Lord Fairfax, Mountain Empire, New River, Northern Virginia, Patrick Henry, Paul D. Camp, Piedmont, Rappahannock, Southside Virginia, Southwest Virginia, Thomas Nelson, Tidewater, Virginia Highlands, Virginia Western, and Wytheville)
- ?? Virginia Cooperative Extension and Research Station
- ?? Frontier Culture Museum of Virginia
- ?? Jamestown- Yorktown Foundation
- ?? Museum of Natural History
- ?? Science Museum of Virginia
- ?? Virginia Museum of Fine Arts

10. Technical amendment necessary: Yes. Bond counsel for the Department of the Treasury suggests the following amendments:

- Page 1, line 9: After “restoring,” delete “repairing”
- Page 1, line 34: After “restoring,” delete “repairing”
- Page 2, line 59: After “Plant” delete “Repairs”
- Page 2, line 64: After “Education” insert “ Building”
- Page 3, line 147: Before “Central” insert “Renovate”
- Page 3, line 147: After “Stores” insert “Building” and delete “Into Police Safety”
- Page 3, line 162: Strike “Grand Totals All Tax Supported Debt” and insert “Total”

11. Other comments:

- ?? Project draw schedules may indicate a different issuance schedule than that assumed to develop the fiscal impact amounts.
- ?? An evaluation of the projects may indicate that certain projects must be financed on a taxable basis (i.e., higher rate of interest).

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cc: Secretary of Finance

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